



The Raphael Report

**Observations on marketing,
advertising, sales and
promotions
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At Your Service

"The most important factor in business in the next few years is 'quality of service.'" -- Gallup Poll

In 161 BC, Terence, a Roman comic dramatist, wrote a prologue to his play "The Eunuch" saying, "Nothing is said now that has not been said before."

And so it is with customer service.

Attend any business seminar and there is always at least one person speaking on "taking care of the customer."

The audience nods their heads, hearing what they already heard in the sometime past and knew but forgot, ignored or took for granted.

I once gave a seminar to several hundred small businesses. Following the presentation, a member of the audience said, "I listened to you for the whole hour and didn't hear anything I didn't know before."

I started to explain but he interrupted saying, "No, you don't understand. I know what to do but I haven't been doing it. Now I'll go back to my shop and start all over again."

Leon Gorman, L. L. Bean's grandson and former president said it well: "Service is a day-in, day-out, never-ending, unremitting, persevering, compassionate type of activity."

Here are some ideas from folks who have been there, done that. Good place to start is with a Chinese proverb. "A man without a smiling face should not open a shop."

Service Increases Profit

What about having the lowest prices in town? Here's what Mark Hollis of Publix Markets said: "If your prices are within 6% to 8% of the competition you won't lose customers as long as you have superior service."

Barry Urquhart, Australian marketing guru agrees, saying, "By increasing customer service you increase profitability 30 percent to 50 percent without lowering prices."

Brit Beemer does annual studies on customer behavior. Their survey said customers make up their mind the first seven seconds they are in your store whether or not they are going to buy.

Establishing a friendly relationship is the beginning of good service. In the 1920s, Max Perlstein opened his men's clothing shop in Philadelphia. He wanted to be on a first name basis with his customers so he named his store, "Call Me Max."

Knowing your customer's name is a powerful service tool. Many retailers train their cashiers to notice the customer's name on the credit card or check. They can then say, "Thank you for shopping with us (and then, the customer's name)."

FACT: Nine out of ten customers say how they are treated by a business is the major factor in determining where they will buy.

Jumping the Counter

How do you know how the customer feels shopping with you? One way: Be a customer.

Feargal Quinn is the owner of the award winning Superquinn supermarket chain in Ireland. He says one secret of his giving exceptional service comes from what he calls “jumping the counter.” His managers and executives must do their own food shopping at least once a month at a competitor’s store. When they return, they write a report on what they liked and didn’t like.

Says Feargal, “The marketplace looks entirely different from where the customer is standing.”

The Welcoming Sign

We walked into a supermarket in North Dakota and saw a huge sign hanging from the ceiling, extending wall-to-wall across the entrance. Here’s what it said: “2003 – The Year of the Customer.” We met the owner of the store and asked him what it meant. “Well,” he said, “we’ve had The Year of the Woman and The Year of the Child. And the Chinese have The Year of the Dragon – so I figured if I was going to remember the importance of customer service it should be The Year of the Customer. Because without the customer I don’t have a business.” Then, he paused and said, “If you come back next year, you’ll see my new sign. It will say, “2004 – The Year of the Customer.”

The Percentage Game

Consider these statistics:

1. Twenty percent of your customers will leave you this year.

If you can keep only one half of this number, you can double your bottom line! Reason why: the cost to capture the customer the first time. And the increased spending they will give you through the years.

2. On average, 80 percent of the business you do in your market is from 20 percent of your customers.

3. The average business spends five times as much to capture a new customer than they do on the customer they already have. Bad decision. Because: “More than 90 percent of your business comes from repeat customers or the new customers they recommend.” – Michael Parker, Comco Systems

One-on-One Marketing

The successful merchants of a century or more ago knew their customers. What they bought. When they bought. How much they spent.

Al Meyers from Price Waterhouse agrees: “The days of retailers being all things are over. The high performance retailers of the future will be those who carry products specifically selected for their own customers.”

Example: A Japanese company places a box in the households of the community packed with medical supplies. A company representative restocks the box every week. He changes the assortment depending on what the customer uses most. A good example of one-on-one marketing. But they’ve been doing this since 1725!

Translation: the customer is not anyone. The customer is someone.

Your goal is summarized by marketing guru Peter Drucker who said, “The aim of marketing is to make selling superfluous. To know and understand the customer so well that the product or service sells itself.”

AC Nielsen summed it up nicely: “When the customer comes first, the customer comes back.”